

REVIEW AND ADJUSTMENT OF FEDERAL POWER ALLOCATION
(Initially titled Transfer of Interest)
March 31, 2004

12. **Review and Adjustment of Federal Power Allocation:**

12.1 If the Administrator of Western determines, in his or her sole judgment, that actions taken by the Contractor have abrogated the Contractor's status as an entity with preference under Reclamation Law to purchase federal hydropower, then the Administrator may, at his or her sole option, terminate this contract or take other appropriate action.

12.2 Notwithstanding any other provision of the Contract to the contrary, Western's Administrator reserves the right to adjust Western's firm electric service obligations under this contract as he or she deems appropriate, if the Contractor's status, as of the date of execution of this Contract/Amendment, changes in some manner, including but not limited to: (1) merging with, acquiring, or being acquired by another organization, (2) creating a new organizational entity from an existing one, (3) joining or withdrawing from a member-based power supply organization, (4) if the Contractor is a member-based power supply entity (such as a generation and transmission cooperative), losing one or more members from its membership organization, or (5) selling, leasing, or otherwise disposing of its, or a member's, electric distribution system.

12.3 The Contractor shall give Western at least ninety (90) days written notice prior to implementing any changes described in Subsection 12.1 and/or 12.2.

12.4 If the Administrator determines to take action because the Contractor's status will change or has changed in a manner addressed in subsections 12.1 and/or 12.2, Western will notify the Contractor of the Administrator's intended action prior to implementation of such action. If the Contractor disagrees with the Administrator's determination, the Contractor may request reconsideration from the Administrator. Requests for reconsideration to the Administrator shall be made in writing, and must be received by the Administrator within 45 days of the Contractor's receipt of the notice from the Administrator. The Administrator will provide the Contractor with Western's final decision within 45 days of receipt of the request for reconsideration, and Western's final decision will be implemented at that time. If the Contractor does not request reconsideration from the Administrator, Western will notify the Contractor of the implementation of the action.